

# S&P Dow Jones Indices

A Division of **S&P Global**

## S&P 500<sup>®</sup> Quality FCF Aristocrats<sup>®</sup> Index

Tracking High-Quality Companies with Consistent and Efficient Free Cash Flow Generation

### Index Overview

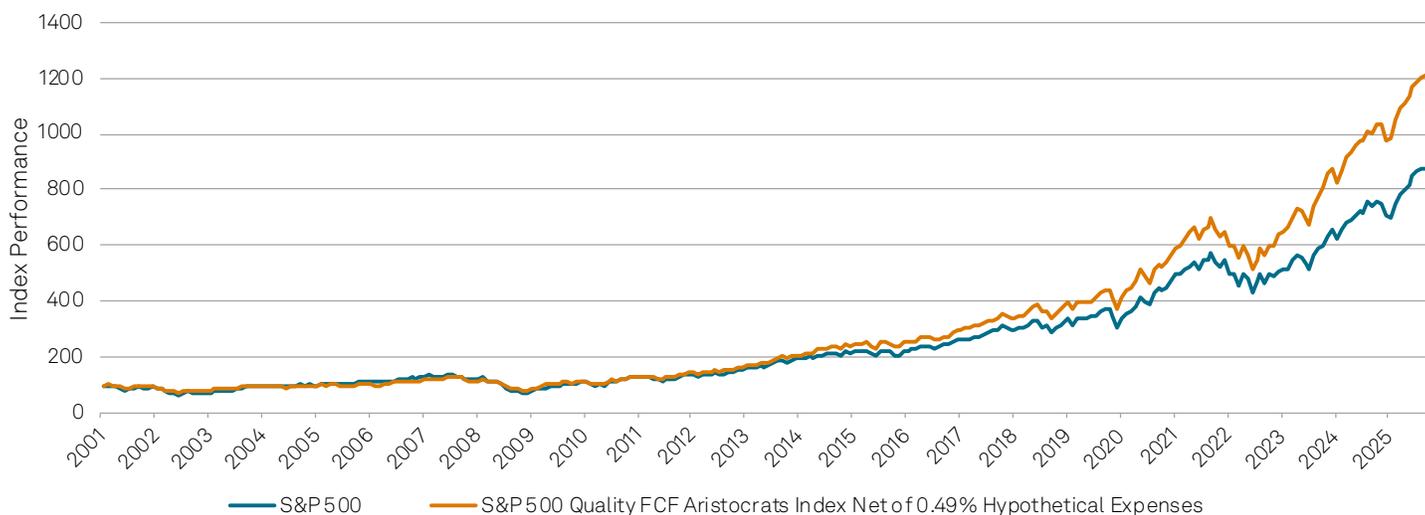
Launched in 2024, the [S&P 500 Quality FCF Aristocrats Index](#) tracks companies in the S&P 500 that have had positive FCF for at least 10 consecutive years and simultaneously have high FCF margin and high FCF return on invested capital (ROIC).

FCF reflects the actual cash a company generates after covering operational expenses and necessary capital investments. Ample FCF may provide companies a buffer during economic downturns, increasing the flexibility to pursue potential growth opportunities.

### Key Index Characteristics

- **Long-Term Outperformance:** The index has **outperformed The 500<sup>®</sup> in both absolute and risk-adjusted terms** over the hypothetical back-tested period reflected in the exhibits throughout.
- **Demonstrated Defensiveness in Down Markets:** Back-tested data shows the index has exhibited **downside protection** in periods of high volatility (VIX>30), as well as during historical drawdown events in the equity markets.
- **Balancing Quality and Growth:** By combining the 10-year FCF eligibility screen with the Quality FCF score selection criteria, the index seeks to identify high-quality companies that consistently and efficiently generate free cash flow.

### Back-Tested Performance versus the S&P 500



Source: S&P Dow Jones Indices LLC. Data from April 30, 2001, to Dec. 31, 2025. Performance is calculated net of fees based on monthly total return in USD. The fee applied to the S&P 500 Quality FCF Aristocrats Index is 0.49%. The S&P 500 Quality FCF Aristocrats Index was launched Sept. 23, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

## S&P 500 Quality FCF Aristocrats Index Methodology Snapshot

Metric	Details
Universe	S&P 500 <sup>1</sup>
FCF Eligibility Screen	Positive FCF for at least 10 consecutive years
Stock Selection	From eligible companies, select 100 with highest FCF Score
FCF Score	Based on the average of: 1. Five-year average of FCF margin 2. Five-year average of FCF ROIC
Target Count	100
Weighting	Float-adjusted market cap * FCF Score Subject to: 5% stock cap and 40% sector cap
Rebalancing	Semiannual in April and October

Source: S&P Dow Jones Indices LLC. Data as of January 2026. For the full methodology rules, please refer to the [S&P Quality FCF Aristocrats Methodology](#). Table is provided for illustrative purposes.

## Back-Tested Risk/Performance Statistics

Hypothetical back-tested performance demonstrates that the S&P 500 Quality FCF Aristocrats Index has **outperformed the S&P 500 over the long term**, with risk-adjusted performance level of 0.74. The index has also exhibited defensive characteristics, as shown by its lower volatility, smaller downside capture ratio, and reduced drawdown versus the S&P 500.

Period	S&P 500	S&P 500 Quality FCF Aristocrats Index Net of 0.49% Hypothetical Expenses
<b>Annualized Performance (%)</b>		
Full Period	9.18	10.62
1-Year	17.88	20.20
3-Year	23.01	28.57
5-Year	14.42	17.66
10-Year	14.82	17.04
15-Year	14.06	16.46
20-Year	11.00	13.23
<b>Annualized Volatility (%)</b>		
Full Period	14.90	14.30
<b>Risk-Adjusted Performance</b>		
Full Period	0.62	0.74
<b>Drawdowns (%)</b>		
Full Period	-50.95	-42.24
<b>Dividend Yield (%)</b>		
Dec. 2002–Dec. 2025	1.82	1.77
<b>Capture Ratios (%)</b>		
Upside	-	96.83
Downside	-	88.30

Source: S&P Dow Jones Indices LLC. Data from April 30, 2001, to Dec. 31, 2025. Performance is calculated net of fees based on monthly total return in USD. The fee applied to the S&P 500 Quality FCF Aristocrats Index is 0.49%. The S&P 500 Quality FCF Aristocrats Index was launched Sept. 23, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

<sup>1</sup> The Real Estate sector and certain industries within the Financials sector are excluded. The excluded industries include Banks, Insurance, Mortgage REITS, Specialized Finance, Asset Management & Custody Banks, Investment Banks & Brokerage.

## Defensiveness in Falling Markets

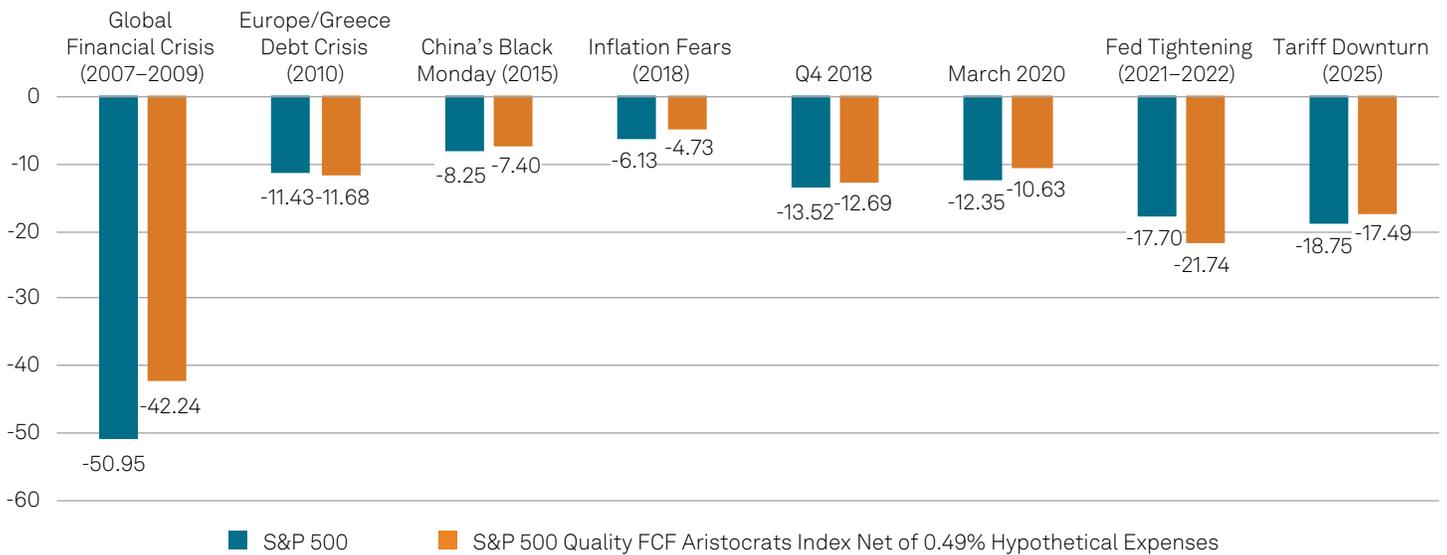
The defensive nature of the S&P 500 Quality FCF Aristocrats Index is further reflected by its outperformance versus the benchmark during periods of high volatility and significant drawdown events over the hypothetical back-tested period observed.

### Back-Tested Drawdown Performance during Different Volatility Regimes versus the S&P 500

VIX Level	S&P 500 Quality FCF Aristocrats Index Net of 0.49% Hypothetical Expenses – S&P 500
>30 (highly volatile)	0.83
>25–30	-0.04
>20–25	0.10
>15–20	-0.03
<=15	0.06

Source: S&P Dow Jones Indices LLC. Data from April 30, 2001, to Dec. 31, 2025. Performance is calculated net of fees based on monthly total return in USD. The fee applied to the S&P 500 Quality FCF Aristocrats Index is 0.49%. The S&P 500 Quality FCF Aristocrats Index was launched Sept. 23, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

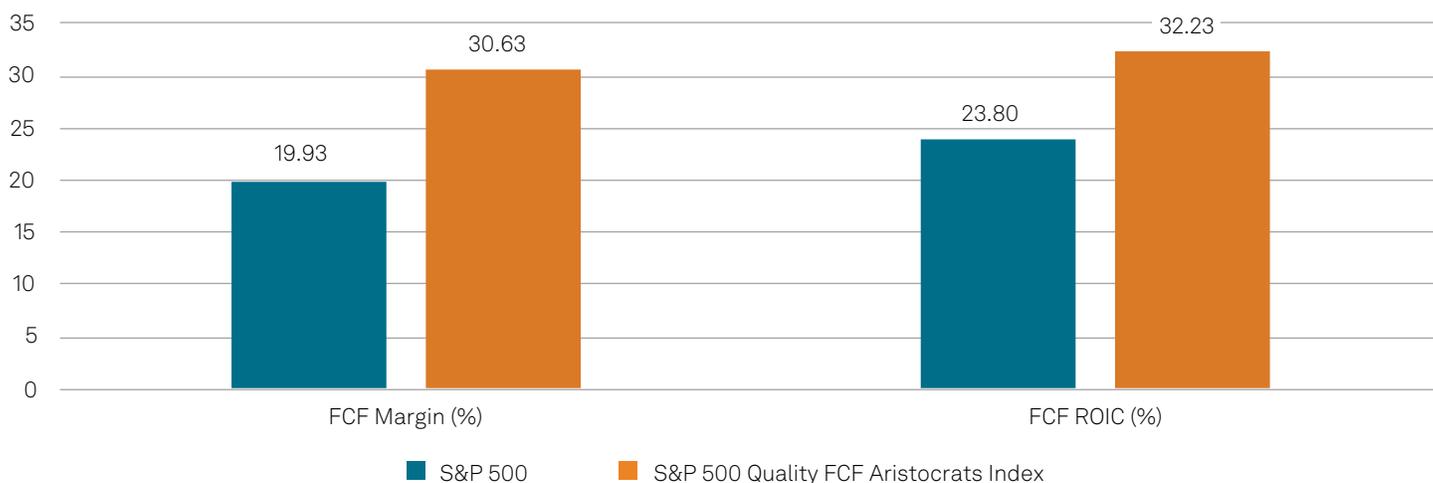
### Back-Tested Drawdown Performance During Prominent Market Events versus the S&P 500



Source: S&P Dow Jones Indices LLC. Data from Oct. 30, 2007, to April 8, 2025. Performance is calculated net of fees based on monthly total return in USD. The fee applied to the S&P 500 Quality FCF Aristocrats Index is 0.49%. The S&P 500 Quality FCF Aristocrats Index was launched Sept. 23, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

## Stronger FCF Generation versus the S&P 500

Constituents of the S&P 500 Quality FCF Aristocrats Index demonstrate strong and consistent FCF Margin and FCF ROIC relative to constituents of the S&P 500.



Source: S&P Dow Jones Indices LLC, FactSet. Data as of Dec. 31, 2025. The S&P 500 Quality FCF Aristocrats Index was launched Sept. 23, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

## Back-Tested Sector Diversification

Over the back-tested period, the S&P 500 Quality FCF Aristocrats Index has consistently held significant overweight positions in the Information Technology and Health Care sectors, while maintaining a notable underweight in the Financials sector.

Sector	S&P 500 Quality FCF Aristocrats Index Current Sector Weight (%)	S&P 500 Quality FCF Aristocrats Index Long-Term Average Active Sector Weight (%)	Current Active Weight (%)
Communication Services	11.1	-1.2	0.5
Consumer Discretionary	6.2	-4.3	-4.2
Consumer Staples	6.5	3.7	1.8
Energy	0.3	-5.6	-2.5
Financials	18.2	-10.5	4.8
Health Care	14.7	13.2	5.1
Industrials	4.1	-5.0	-4.1
Information Technology	39.0	16.0	4.5
Materials	0.0	-2.3	-1.8
Real Estate	0.0	-1.0	-1.8
Utilities	0.0	-3.1	-2.2

Source: S&P Dow Jones Indices LLC. Data from April 30, 2001, to Dec. 31, 2025. Current active sector weights as of Dec. 31, 2025. The S&P 500 Quality FCF Aristocrats Index was launched Sept. 23, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. In 2018, the Telecommunications Services sector was expanded and renamed Communication Services. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

As of Dec. 31, 2025, the index's sector allocations are comparatively balanced relative to the S&P 500. Health Care's 5% overweight represents the largest sector deviation from the S&P 500.

## Performance Disclosure/Back-tested Data

The S&P 500 Quality FCF Aristocrats Index was launched on September 23, 2024. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Complete index methodology details are available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji). Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

## About S&P Dow Jones Indices

At S&P Dow Jones Indices, we provide iconic and innovative index solutions backed by unparalleled expertise across the asset-class spectrum. By bringing transparency to the global capital markets, we empower investors everywhere to make decisions with conviction. We're the largest global resource for index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based upon our indices than any other index provider in the world. Our solutions are widely considered essential in tracking market performance, evaluating portfolios and developing investment strategies.

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